VII-1 MyCalPAYS Labor Distribution - Introduction

CALSTARS was designed to provide program accounting to agencies. Program accounting provides agencies with a record of the cost of personnel and operating expenses associated with various activities of the organization. The purpose of Chapter VII is to describe the various labor distribution features and furnish detailed instructions for their use.

The introduction of SCO's MyCalPAYS necessitated extensive rewriting of the CALSTARS labor distribution subsystem. To streamline the process, some unused options have been eliminated from the system. For example, the "Standards Costing" and "Combination/Overrides" options are no longer supported. This should have no effect on agencies since only Actuals Costing has been used by CALSTARS agencies for many years.

OVERVIEW

The labor distribution process is a comprehensive and flexible system. It is described in this chapter from two vantage points: analysis of the accounting functions and operation of the data processing functions.

Accounting Overview

The labor distribution process allocates personnel **costs** and **hours** to programs and organizations. It classifies costs by Object Detail and at the agency's option, Agency Object. Accounting transactions are generated to distribute these costs. These transactions are generated for:

- ✪ Regular and overtime payments.
- ✪ Shift differential and shift differential overtime payments.
- ✪ State's share of staff benefits.
- ✪ Some other payments made through the State Controller's Office's (SCO) MyCalPAYS system.

Transactions also may be generated (optional) for:

- ✪ Statistics, such as hours, which may be related to personal services costs

These cost and statistics transactions are passed to CALSTARS with complete accounting classification information to enable posting at the lowest level of detail within the classification structure.

Labor Distribution Processing Overview

Labor distribution processing begins with the receipt of the previous month's MyCalPAYS payment history files from the SCO. At the beginning of the month, CALSTARS processes these files to get the data ready for the labor distribution subsystem. When an agency is ready to distribute their payroll costs, the agency sets the Run Labor indicator in the current year Organization Control (OC) table. This causes the labor distribution process to run and create accounting transactions and reports. The labor distribution process is available every work day (except the last processing day of the month). The Run Labor indicator must be set before 3:00 PM because labor distribution processing is initiated at that time. See the OC table instructions in Volume 2, Chapter IV-OC. In addition, see the month-end process information in Volume 2, Chapter II.

Payroll costs are principally distributed based on three tables. They are:

- ✪ Labor Distribution Control - MyCalPAYS (LC) Table
- ✪ Employee Master - MyCalPAYS (EM) Table
- ✪ Timesheet - MyCalPAYS (TS) Table.

If the labor distribution subsystem is used to redistribute previously distributed payroll costs, the following two tables are also used:
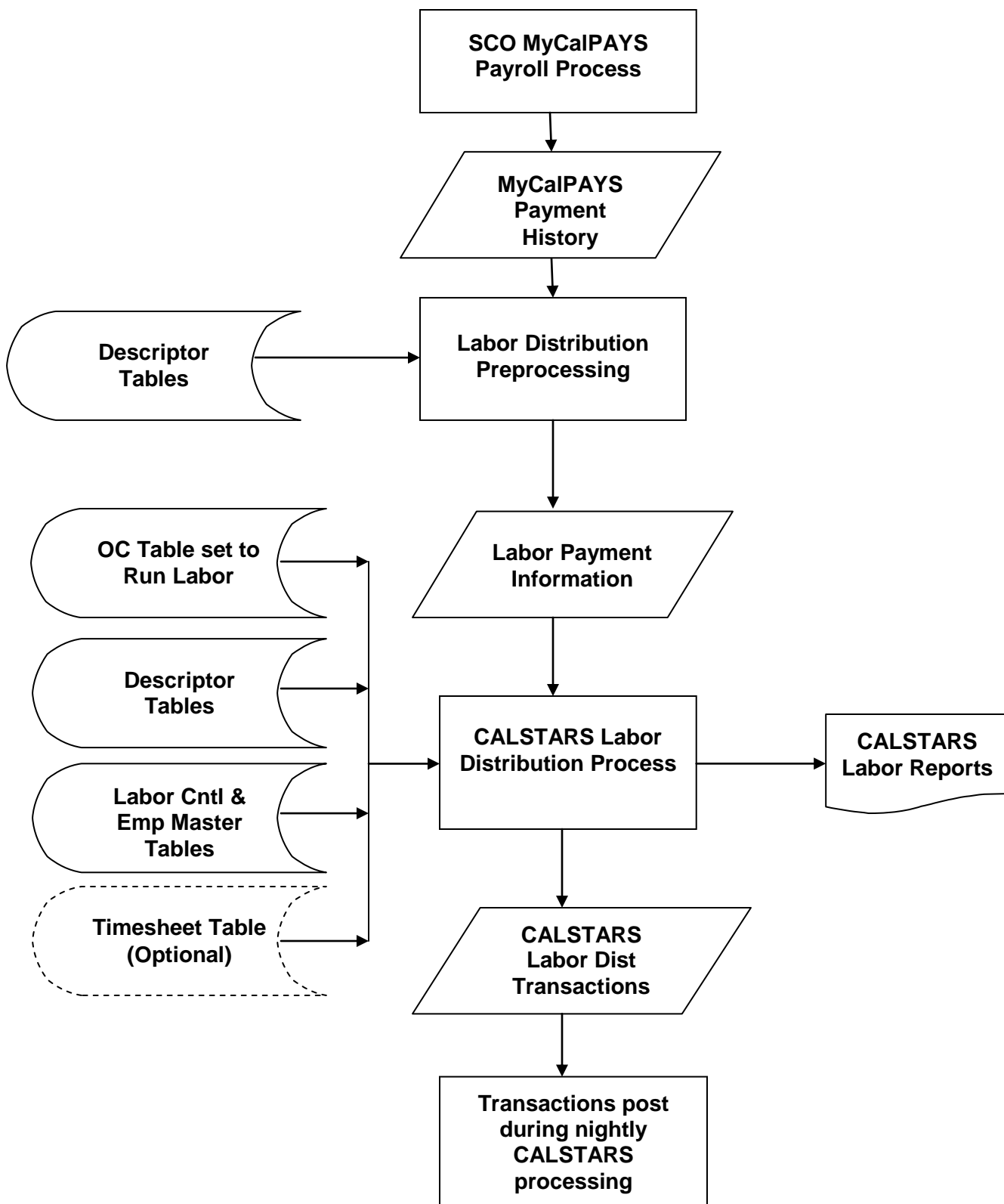
- ✪ Adjustment Timesheet - MyCalPAYS (AJ) Table
- ✪ Adjustment Payroll - MyCalPAYS (PT) Table.

A MyCalPAYS LC record must be established for each applicable funding fiscal year. This table specifies the agency parameters used in the labor distribution process. The use of this table is discussed in Chapter VII-2.

The MyCalPAYS EM record contains specific distributions for an individual employee (Person ID) or for a group of employees (SCO Group). These distributions are coded by Index, PCA, PCA Activity, Project, Work Phase, Location, and Multipurpose Code, as determined by the agency. Each set of distribution information is called a "Home Base" account. Each MyCalPAYS EM record may have up to ten Home Base accounts. The use of this table is discussed in Chapter VII-3.

Timesheets can be used to distribute labor costs when salaries and wages must be charged to specific work activities that vary each month and/or when required for specific funding sources, e.g., Federal funds. Like MyCalPAYS EM records, MyCalPAYS TS records may be established for an individual employee (Person ID) or for a group of employees (SCO Group). When timesheets are entered, labor costs are distributed based on the timesheet information instead of the Home Base accounts specified in the MyCalPAYS EM table. The use of this table is discussed in Chapter VII-4.

The MyCalPAYS AJ table and MyCalPAYS PT records can be used to redistribute personnel costs that have been distributed in previous pay periods. The use of these tables is discussed in Chapter VII-5.

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After labor distribution processing has been completed, agencies should perform a reconciliation of CALSTARS to the SCO based on SCO dollar amounts and transaction counts. The reconciliation process is discussed in Chapter VII-6.

DESCRIPTOR TABLES USED IN LABOR DISTRIBUTION

There are four Descriptor tables used in the labor distribution process:

D46 - Pay Period Descriptor Table

The D46 - Pay Period Descriptor table defines the State's standard pay period start and end dates and the standard working hours in the pay period. This is a statewide table maintained by the CALSTARS staff.

D57 - Benefits Percent Table

The D57 - Benefits Percent table is used to assign a percentage to Payment Classes beginning with A. This facilitates the allocation of benefits that are assessed as a percentage of gross pay. This is a statewide table maintained by the CALSTARS staff.

D58 - Statewide Wage Type Table

The D58 - Statewide Wage Type table is used to assign a Payment Class to each Wage Type and to assign Object Detail codes. This is a statewide table maintained by the CALSTARS staff.

D59 - Agency Wage Type Table

The D59 - Agency Wage Type table can be used by agencies to selectively override the Object Detail assigned by the Statewide Wage Type table and/or add Agency Object codes by Wage Type.

MONTHLY LABOR DISTRIBUTION PROCESS SCHEDULE

The month-end processing schedule normally begins with the labor distribution process because some of this information is later used in the cost allocation process. The following table shows a typical month-end closing process:

Day	Activity
1st	First Processing Day of the New Month
	Enter New Timesheet Data (if applicable)
	Enter Adjustment Timesheets (if applicable)
2nd	SCO's MyCalPAYS payment history file is available
3rd	Run Adjusted Timesheets (if applicable)
5th	Run Labor Distribution process (or sooner, if possible)
10th	Run Cost Allocation and Fund Split
Last	Month-end Rollover

Since agencies that use the cost allocation capabilities of CALSTARS generally include labor data in their distribution base, the labor distribution process must be executed for most agencies before the cost allocation and fund split process. The execution of the labor distribution process requires payroll data from the SCO's MyCalPAYS system, and, optionally, timesheet data from the agency. Payroll data from MyCalPAYS should be available for the labor distribution process within one week after the close of each pay period. If timesheets are used, timesheet data for the pay period must be entered by the agency before labor distribution is run.

SYSTEM FEATURES

Through the use of the various labor tables, agencies may tailor the labor distribution process to meet their specific needs.

Statistics

Agencies may have the labor distribution process generate labor hour statistics from either the SCO payroll data or the timesheet or both. When timesheets are used, SCO statistics reflect the proportional distribution of the hours reported by the SCO based upon the recorded hours on the timesheet and the timesheet statistics reflect the actual hours recorded on the timesheet. The accounting classifications on the timesheet are used in the statistics transactions. When timesheets are not entered, only SCO statistics can be produced and these statistics are based on the data as defined in the home base accounts.

Overtime, Shift Differential and Shift Differential Overtime Coding

Agencies may either separately code overtime on timesheets or include overtime in the regular hours charged. If overtime is included in the regular hours, overtime is distributed in the same manner as the regular hours. This is also true for shift differential and shift differential overtime. The selection of whether timesheets separately recognizes overtime is determined by indicators on the Labor Distribution Control - MyCalPAYS (LC) and Employee Master - MyCalPAYS (EM) tables. These indicators must be set properly for overtime to be correctly distributed.

Employee Types

Each record in the MyCalPAYS EM table must be identified as either an individual employee's or a group of employees' record. An individual employee is a single employee and is identified by the 8 character Person ID. If an employee is paid from more than one position, a Person ID must be set up for each position. A group of employees is a set of employees assigned to the same SCO Payroll Agency and Reporting Unit. If an employee has an individual employee MyCalPAYS EM record and is also included in a group MyCalPAYS EM record, the individual employee MyCalPAYS EM record will take precedence over the group MyCalPAYS EM record. Establishing a group record and selected individual employee records is helpful when a few employees within a group should be distributed differently from the rest of the group.

Timesheets

Timesheets are used to charge an individual's/group's costs differently from the distribution designated by the individual's/group's MyCalPAYS EM record. Timesheet reporting provides two options which is based on the Timesheet Indicator setting on the individual's/group's MyCalPAYS EM record:

- ✪ Full-positive time reporting - Timesheets are always required from the individual/group.

- ✪ Exception basis - No timesheets are required, but one may be submitted as needed.

Payroll costs are only distributed when the actual charges appear on the MyCalPAYS Payment History file. Occasionally payroll adjustments or corrections appear several months after the work was actually performed. Therefore, timesheets for the entire fiscal year remain on file. Timesheets for the fiscal year just ended are purged as part of the October month-end roll process each year.

Standard Hours Edit

Some individuals in certain work week groups are required to work the State's standard number of hours for the month. The agency may specify that the labor distribution process perform a special edit to determine if an employee's timesheet hours equals the month's standard hours. This edit is only performed if timesheets are used, and applies only to individual employees, not to groups.

ACCOUNT DEFINITIONS

There are many accounts that may be established. These accounts are used to accumulate and distribute payroll costs and hours. They are classified as:

- ✪ Timesheet accounts (*optional*)

- ✪ Home Base accounts

- ✪ Undistributed

✪ Supplemental accounts (*optional for the MyCalPAYS Employee Master table only*).

Each of these accounts is described here:

Timesheet Accounts

Timesheets may be entered on a positive or exception basis for individual employees or groups of employees. When a timesheet is entered, it must represent the total regular time and/or overtime that the individual or group has worked that pay period. Up to 15 different accounts may be charged on a page of a timesheet and a timesheet may be 99 pages long. Partial hours may be used. Each line of the timesheet may be specifically coded with the following accounting classification data:

✪ Index Code (*optional*)

✪ PCA

✪ PCA Activity (*optional*)

✪ Project and Work Phase (*optional*)

✪ Agency Object (*optional*)

✪ Location (*optional*)

✪ Multipurpose Code (*optional*).

In addition, hours on the timesheet for the various Types (REG, OT, etc.) can be charged to the Home Base accounts in the Employee Master - MyCalPAYS (EM) table.

Home Base Accounts

Up to 10 Home Base accounts may be defined for each individual or group in their MyCalPAYS EM record. Each account consists of the following accounting classification data:

✪ Index Code (*optional*)

✪ PCA

✪ PCA Activity (*optional*)

✪ Project and Work Phase (*optional*)

✪ Location (*optional*)

✪ Multipurpose Code (*optional*).

The individual's/group's labor costs are distributed to these accounts based upon a predefined percentage for each account. The total of these accounts for a MyCalPAYS EM record must equal 100 percent. These Home Base accounts may be overridden by entering a timesheet for the individual/group. The following table illustrates distribution by Home Base accounts. In this example, an employee has $1,988.80 and 176 regular hours recorded in the MyCalPAYS payroll history file. The

Home Base accounts coding and percentages are from the employee's MyCalPAYS EM record.

Home Base Account Number	Index	PCA	PCA Activity	Proj/WP	Location	Multi-purpose	%	Hours	Dollars
1	1234	12345	1234				5	8.80	99.40
2	2345	23456	2345	234457-89	012345	678901234533	10	17.60	198.88
3	3456	34567					5	8.80	99.40
4	4567	45678		456780-01			20	35.20	397.76
5	5678	56789	5678		567890		15	26.40	298.32
6	6789	67890		678901-23	678901		10	17.60	198.88
7	7890	78901	8901		789012		5	8.80	99.40
8	8901	89012		890123-45			10	17.60	198.88
9	9012	90123			901234	901234567823	15	26.40	298.82
10	0123	01234		012345-67			5	8.80	99.06
Total							100	176.00	1,988.80

Undistributed and Supplemental Accounts

There are two accounts that are used for reconciliation and control purposes:

- ✪ Undistributed Payroll Account
- ✪ Supplemental Payroll Account.

The accounting classification data for these accounts are specified in the Labor Distribution Control - MyCalPAYS (LC) table.

Undistributed Payroll Account
The PCA and Index combination coded as the Undistributed Payroll account is charged with SCO payroll payments when neither individual employee nor the employee's group has an MyCalPAYS EM record. Also, payroll payments from prior year appropriations are charged to this account when a MyCalPAYS LC record for the prior year is not established. The Undistributed Payroll account normally has a debit balance until cleared manually.

To manually clear the Undistributed Payroll account, use Transaction Code (TC) 372R or 242R to reverse the costs charged in the Undistributed Payroll account. Then use TC372 or 242 to charge the payroll costs to the appropriate accounts.

The Labor Distribution Analysis – Undistributed Report, CFB556G1, which is produced during the labor distribution process, summarizes all payroll items that are charged to the Undistributed Payroll account.

Supplemental Payroll Account
The labor distribution process automatically distributes the most common types of payroll disbursements (i.e.: regular, shift differential, overtime and shift differential overtime) based on Timesheet or Home Base accounts. All other payroll types are posted to the PCA and Index combination coded as the Supplemental Payroll account. The Supplemental Payroll account may be optionally specified on MyCalPAYS EM records. If the Supplemental Payroll account is specified on the MyCalPAYS EM record, the MyCalPAYS EM record will take precedence over the MyCalPAYS LC record for that individual/group.

Using Group versus Individual Employee Labor Distribution

When establishing the MyCalPAYS EM table for purposes of accurate labor costing, one of the major decisions is whether to establish individual employee MyCalPAYS EM records, group MyCalPAYS EM records [all employees with the same SCO Payroll Agency or Payroll Reporting Unit (PRU)], or a combination of both these options. For simplicity, group MyCalPAYS EM records require the least set-up and maintenance, while individual employee MyCalPAYS EM records require the most. Use of group or individual timesheets adds another level of complexity to these options.

In addition to establishing a group MyCalPAYS EM record, it may also be necessary to establish individual MyCalPAYS EM records for selected employees in that group. These additional records are for employees that should be charged to different Index/PCA combinations than the other employees in the group (PRU) to which they belong. The following shows the hierarchy for the assignment of accounting classification data as it applies to regular, shift differential, overtime and shift differential overtime payroll:

1. Timesheet Accounts for Individual Employees.

2. Timesheet Accounts for Groups.

3. Individual Employee MyCalPAYS EM table Home Base Accounts (Employees Without Timesheets).

4. Group MyCalPAYS EM table Home Base Accounts (Groups Without Timesheets).

5. MyCalPAYS LC table Undistributed Account (No MyCalPAYS EM table Found).

The hierarchy for the assignment of accounting classification data of other payroll types is similar except that timesheets cannot direct the assignment of their accounting classification data:

1. Individual Employee MyCalPAYS EM table Supplemental Payroll Account.

2. Group MyCalPAYS EM table Supplemental Payroll Account.

3. MyCalPAYS LC table Supplemental Payroll Account (No data found in the MyCalPAYS EM table Supplemental Payroll Account).

Using Overtime Coding

The MyCalPAYS LC and EM tables' Overtime Coding indicators tell the labor distribution process whether the timesheet will have overtime recorded as overtime or as regular time. If the indicator is set to **Y** and overtime is separately recorded on the timesheet, the employee's overtime payment is distributed based on the overtime hours reported on the timesheet. Alternatively, if the indicator is set to **N**, the overtime payment (as well as the regular payment) is distributed based on the regular hours reported on the timesheet.

It is vital that the Overtime Coding indicator settings are consistent with the timesheet coding. If the Overtime Coding indicator is set to **Y** but the timesheet's overtime hours are coded to "regular" (no hours recorded to "overtime" on the timesheet), the employee's overtime payment will be distributed based on the employee's MyCalPAYS EM record's Home Base accounts.

Overtime Coded on the Timesheet
In the following chart, the employee has recorded on the timesheet, 88 hours of regular time to both Account **A** and Account **B,** and 10 hours of overtime to Account **B**. The SCO pays regular pay at the end of the month worked (Month 1) and overtime in the subsequent month (Month 2). The chart shows that the regular pay from the SCO in Month 1 is $1,760 (176 hours * $10 per hour) and the amounts are distributed evenly to Account **A** and Account **B**. Since no overtime is paid in Month 1, the 10 hours attributed to overtime is not used in the Month 1's distribution. During Month 2, the overtime payment of $150 (10 hours * $15 per hour) is distributed to Account **B**. Since no regular pay is paid in Month 2, the 176 hours attributed to regular time is not used in the Month 2's distribution.

Account	Timesheet	SCO File	Charges
A	88 Hours REG @ $10	Month 1 = $1,760	88 Hours, $880
B	88 Hours REG @ $10	176 hours REG	88 Hours, $880
B	10 Hours OT @ $15	Month 2 = $ 150 10 hours OT	10 Hours, $150
		Total	186 Hours, $1,910

Overtime Included in Regular Hours on the Timesheet
The following chart shows how labor distribution process treats paid overtime when it is included in regular hours on the timesheet. When overtime is included in the regular hours, the charges for both regular and overtime are distributed on the basis

of all regular hours. In the example, the employee has charged 88 hours of regular time to Account **A** and 98 hours of regular time to Account **B** on the timesheet. In Month 1, the SCO regular pay of $1760 (176 hours * $10 per hour) is distributed based on all 186 hours of regular time recorded on the timesheet. In Month 2, the SCO overtime pay of $150 (10 hours * $15 per hour) is also distributed based on all the regular time. (Please note, when the overtime charges are distributed, the Object Detail for overtime is used, **not** the Object Detail for regular time.)

The summary charges for both Month 1 and Month 2 shows that 88 hours and $903.65 are distributed to Account **A** and 98 hours and $1,006.35 are distributed to Account **B**, which results in an average hourly rate of $10.27. Please note that the total dollars are $1,910.00 and the total hours are 186 which equal same total charges when overtime was charged to a specific account on the timesheet.

Account	Timesheet	SCO File	Charges
A	88 Hours REG	Month 1 = $1,760.00	83.27 Hours, $832.70
B	98 Hours REG	176 Hours REG	92.73 Hours, $927.30
A	88 Hours REG	Month 2 =$150.00	4.73 Hours, $70.95
B	98 Hours REG	10 Hours OT	5.27 Hours, $79.05
		Total	186 Hours, $1,910.00

Account	Summary of Charges
A	88 Hours, $ 903.65
B	98 Hours, $1,006.35
TOTAL	186 Hours, $1,910.00
Average Hourly Rate = $10.27	

Statistics

The labor distribution process provides the option of generating statistical transactions in conjunction with the financial transactions. If statistics are used, labor hours as well as costs may be tracked. When statistics are generated, the type and nature of statistical transactions depends upon the statistics option selected. Agencies may choose SCO statistics, timesheet statistics, or both.

Timesheets Are Used - The SCO or timesheet hours or both may be produced and the statistics reflect the SCO hours proportional to the hours shown on the **timesheets**.

Timesheets Are Not Used - The SCO hours may be produced and the statistics reflect the SCO hours proportional to the **Home Base accounts**.